

Westgarth's Circular of 3rd February, 1888, the price is quoted at 98 $\frac{3}{4}$ –98 $\frac{3}{4}$, and in the next issue of the same circular, 2nd March, the quotation is 100–100 $\frac{1}{4}$; and, in his monthly report, the editor remarks: "The New Zealand Loan of £2,000,000, which was to have concluded all borrowing for the next three years and was expected to be issued here in a fortnight hence, has been postponed for some months, with great advantage to the price in this market. The colony's financial needs have been for the present all supplied. The price of the Inscribed Four-per-cents. has advanced to par: a position which has been rare to this stock for the last two years."

Financial position, 30th April, 1888, after making provision; and what the position would have been without it.

The financial position on the 30th April, 1888, was: Cash in London £3,043, and cash in Wellington Public Account, £322,276; total cash, £325,319; and Imperial-guaranteed debentures redeemed, £400,000. This result was due to the advances received, already mentioned, amounting to £800,000; and to the renewal for three months by the Bank of New Zealand of £500,000, being part of the £600,000 advanced in October, 1887. But for the aid of these advances, and the renewal referred to, the Government would have been unable to meet the ordinary liabilities in London to the 30th April by £74,680, and would also have been unable to redeem Imperial-guaranteed debentures to the extent of £395,000 out of the total amount of £795,000 at that time outstanding; and the Treasury would have been left without any cash whatever in the Public Account, either in London or Wellington, until revenue had accrued or other advances were obtained. Of course, such a finance as this would have been utterly impossible to any Treasurer. In other words, by borrowing as we did, the Treasury was enabled to meet its liabilities, to redeem £395,000 of Imperial-guaranteed debentures, and to retain cash balances which could be made available for the ordinary purposes of Government and for public-works services, amounting to £425,319, including £100,000, which might have been borrowed from the Post Office Savings Bank, and upon the whole of this amount the bank was paying interest as per agreement; but there was still outstanding £400,000 advanced at short dates on the Imperial-guaranteed debentures, and the £500,000 advanced by the Bank of New Zealand—the £100,000 advanced on deficiency bills having been repaid in the colony in March, 1888. So far, then, it is evident that no unduly large balances were maintained with the bank, and that such balances as we had bore interest according to agreement.

Raising loans of two millions in June, 1888.

Proceeds received into bank, June to October, 1888.

See pages 16–18.

This brings me to the subject of the raising of the loans of two millions. They were floated in June, and realised £1,922,361 1s. 1d., being payable into the Bank of England in five instalments extending from the 7th June to the 2nd October. There was received into the Public Account in June, £960,000; July, £380,000; August, £90,000; September, £295,000; and October, £197,861 1s. 1d. The following is a brief summary of the purposes to which the proceeds of the loan were, with other moneys, applied from time to time by the Agent-General: June—Colonial Bank, advance repaid, £200,000; interest and other charges, £39,920 3s.: total, £239,920 3s. July—New Zealand Bank, advances repaid, £500,000; Imperial-guaranteed debentures redeemed, £200,000; interest, &c., £144,415 12s. 1d.: total, £844,415 12s. 1d. August—Imperial-guaranteed debentures redeemed, £200,000; interest, &c., £67,010 18s. 9d.: total, £267,010 18s. 9d. September—Interest, &c., £29,900. October—Fixed deposits with Bank of New Zealand and Colonial Bank, £230,000; interest, &c., £635,331 12s.: total, £865,331 12s. And on the 31st October, 1888, there was left in the account at the Bank of New Zealand, £30,891 9s. 3d.

Balance left in bank, 31st October, 1888, £30,891.

Obligations to Bank of New Zealand for advances.

It should be borne in mind that during the whole of the anxious period between the 8th October, 1887, and the floating of the loans, the Government were under advances from the Bank of New Zealand to a large amount—from October to the middle of March £600,000, and from March to July £500,000, being largely in excess of the amount (£400,000) the bank was bound to advance under its contract.

See page 29 for bank agreement as to balances and interest.

It will be evident, from what I have just said and from the tables attached, that the balances left in the bank of the proceeds of the loan of two millions were only so left for a very short time available to meet constantly accruing liabilities, and were bearing interest as per agreement. There is no doubt that a difference of opinion may exist as to the amount of the balance